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United States  
Department of  
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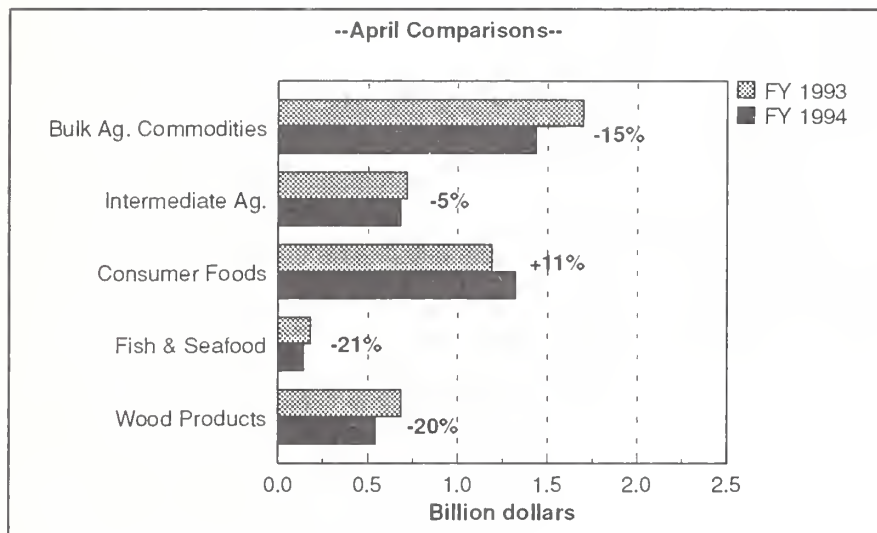
Circular Series

ATH 6 94  
June 1994

# Agricultural Trade Highlights

## Exports Dip Slightly in April

*Consumer Gains Continue to Offset Bulk Declines*



April trade statistics released on June 21 by the Commerce Department placed U.S. agricultural, fish, and forest product exports at \$4.1 billion, a 8-percent decrease compared to the same month last year. Agricultural exports alone totaled \$3.4 billion, down 5 percent from April last year. A sharp decline in bulk commodities was offset by an increase in consumer oriented high value products. Fish and forest product exports totaled \$694 million in April, down 21 percent from the same month last year.

April's shipments bring U.S. agricultural, fish, and forest product exports during the first seven months of fiscal 1994 to \$31.9 billion, 2 percent below the record pace of the same period last year. So far this year, lower bulk commodity shipments have been offset by a comparable increase in consumer-oriented high value exports. Both fish and forest product exports have declined slightly.

At \$1.4 billion in April, U.S. exports of *bulk commodities* fell 15 percent

from the same month last year. Sharp declines in shipments of wheat, coarse grains, soybeans, and peanuts were accompanied by only moderate increases in rice and tobacco. Cotton rose 60 percent due to strong exports to China. For the seven months of fiscal 1994, bulk commodities have totaled \$11.6 billion, a nine percent drop from 1993's level.

U.S. exports of *intermediate products* reached \$685 million in April, 5 percent below the same month last year. Sharp declines in wheat flour, soybean meal, and planting seeds were partially offset by slight increases in hides and skins, sugars and sweeteners, and soybean oil. Intermediate products exports totaled \$5.6 billion for the first seven months of fiscal 1994, unchanged from 1993's level.

April exports of *consumer-oriented high value products* exceeded \$1.3 billion, up 11 percent from the same month last year. Exports increased in all sixteen categories, except dairy products, fresh vegetables, and nursery

products. Double-digit increases were registered in exports of snack foods, breakfast foods, chilled and frozen red meats, prepared and preserved red meats, poultry meat, pet foods, wine and beer, eggs and products, fresh fruits, and tree nuts. April's performance brought consumer food exports for the seven months of fiscal 1994 to \$9.1 billion, up 9 percent from 1993's level. Growth in poultry meat continues to lead all other categories, rising 36 percent.

At \$144 million, *edible fish and seafood* exports were down 21 percent from April 1993. Canned salmon was the only major product to record a sales increase. Double-digit losses were experienced in three other categories. U.S. *forest product* exports were \$549 million in April, down 20 percent from a year ago. Dropping 35 percent, logs posted the most significant decline. For the first seven months of fiscal 1994, U.S. exports of fish and seafood were \$1.5 billion, down 2 percent from 1993's level, while U.S. exports of forest products were \$4 billion, down 7 percent from 1993.

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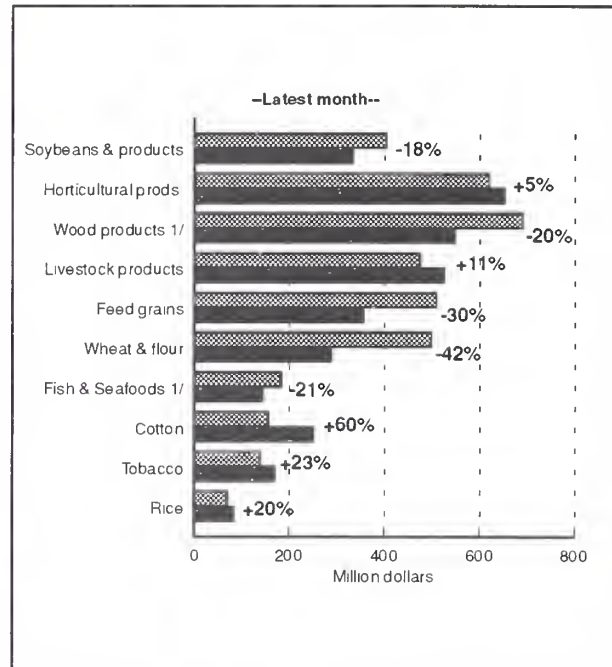
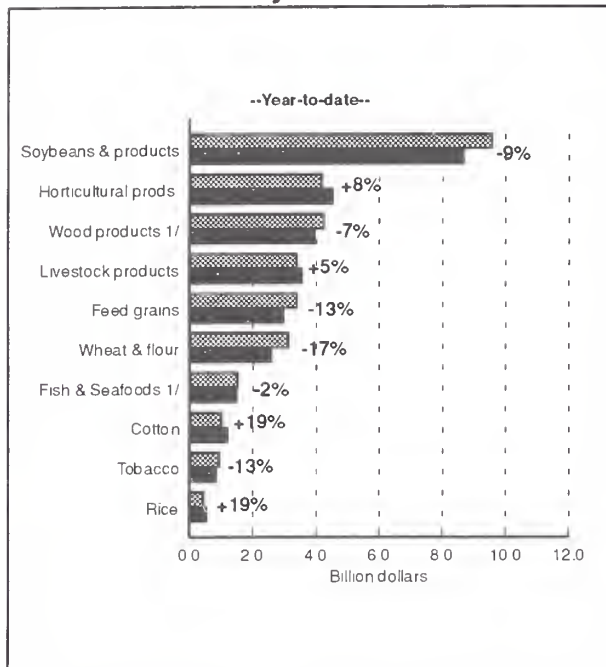
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# U.S. Agricultural Export Summaries

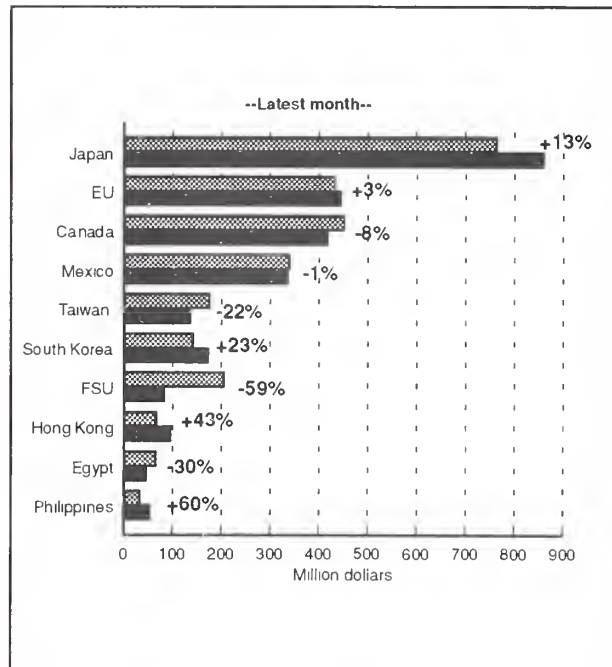
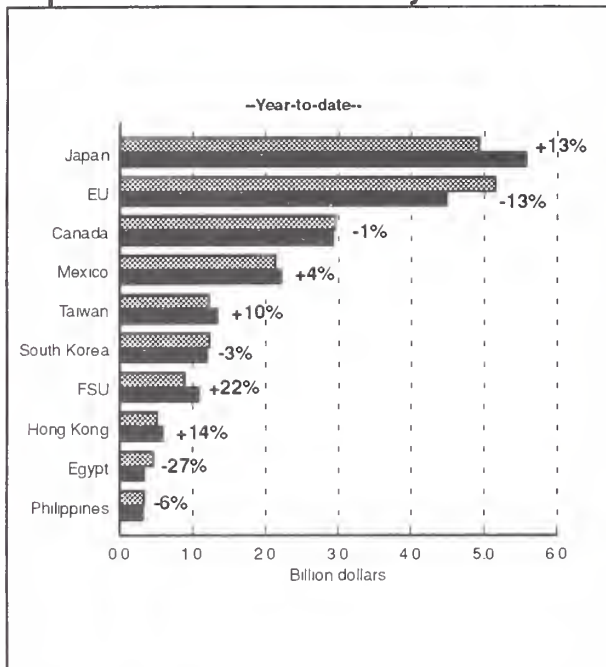
## October-April and Latest Month Comparisons

FY '93 FY '94

### Product Summary



### Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.  
1/ Not included in agricultural totals.

# Consumer Food Highlights

*At \$5 billion for the first four months of 1994, U.S. consumer food exports were ahead 11 percent from last year's record-setting pace. Red meats, poultry meat, eggs, fresh fruit, tree nuts, wine and beer, and pet foods have all recorded double-digit gains so far this year.*

Exports of *chilled/frozen red meats* were \$1 billion for the first 4 months of 1994, or 10 percent ahead of the same period last year. Of the top five markets, South Korea and Mexico are currently showing the highest growth. Tariff elimination under NAFTA is expected to further boost U.S. sales to Mexico at the expense of Australian competitors who face a 25-percent duty. However, new labeling requirements and inspection procedures could adversely affect Mexican imports from all countries.

Sales of *fresh fruit* during the first 4 months of 1994 were \$535 million, or 15 percent ahead of the same period last year. U.S. exports to Japan, now the largest market, were up 32 percent to \$153 million. Oranges and grapefruit, the two largest items, reached \$39 million and \$86 million so far this year. The impact of NAFTA is noticeable on U.S. fruit shipments to Mexico; shipments were up 86 percent to \$59 million. Mexico has emerged as a primary market for apples and pears; apple shipments were up 91 percent to \$47 million and pear sales are running 56 percent ahead at \$11 million.

Exports of *processed fruits and vegetables* were \$510 million for the first 4 months of 1994, or virtually unchanged from the same period last year. Higher raisin, frozen french fry and dried onion and potato flake exports offset lagging canned fruit and fruit preparation shipments. Higher raisin shipments (up \$10 million) drove U.S. dried fruit exports to \$115 million. A \$12 million increase in frozen french fry exports boosted frozen vegetable exports to \$98 million. Up \$10 million largely due to strong onion and potato flake sales, U.S. dried vegetable shipments have reached \$60 million.

Exports of *tree nuts* were \$341 million for the first 4 months of 1994, or 30 percent ahead of the same period last year. At \$253 million, almond sales are running 37 percent ahead of year-earlier levels mainly due to higher prices. Prepared and preserved snack nuts rose 51 percent to \$116 million. This category, which includes snack almonds, is one of the fastest growing product groups in this category. The EU remains the major market (now at \$63 million for the first 4 months of 1994), while the newer markets of Korea, Hong Kong and Japan combined have reached \$32 million.

U.S. *pet food* exports rose to \$179 million during the first 4 months of 1994, or 15 percent ahead of the same period last year. Strong sales to the top five markets and high growth in several smaller markets like Switzerland, Sweden, the Bahamas, Australia and Argentina continue. Despite lower U.S. shipments this year to Hong Kong, Singapore and Malaysia, sales prospects over the next few years are bright to these emerging Asian markets. The pet food business in these countries is booming, with new markets for niche products constantly being developed.

Shipments of *fruit and vegetable juices* were \$158 million for the first 4 months of 1994, or virtually unchanged from the same period last year. The export value for orange and grapefruit juice combined was \$84 million, down 6 percent from the previous year's level. Shipments of tomato juice rose 78 percent to \$2.5 million, with South Korea accounting for one-fourth of total sales.

Exports of *wine and beer* were \$136 million for the first 4 months of 1994, or virtually unchanged from the same

period last year. With a 47-percent increase over last year to \$82 million, beer accounts for all new sales in this category. The quantity of U.S. wine exports is currently flat. Export value is up slightly (\$4 million) because higher-quality wines are being shipped.

Exports of *prepared/preserved red meats* totaled \$76 million for the first 4 months of 1994, or 26 percent ahead of last year's record level. Strong sales continue to Mexico and Japan, however exports to South Korea were off 13 percent. This is largely due to the imposition of stricter shelf-life standards for sausages and similar products--the period was reduced from 90 to 30 days--which has effectively closed the market to many U.S. suppliers.

Exports of *nursery products and cut flowers* were \$79 million for the first 4 months of 1994, or 10 percent down from the same period last year. Virtually the entire slump is due to lower cut foliage shipments, which are running one-third behind of last year's sales. Lower prices offered by Central American suppliers during the pre-Valentines day sales period sharply eroded U.S. sales to the EU this year.

*For more information, contact Ernest Carter at (202) 720-2922.*

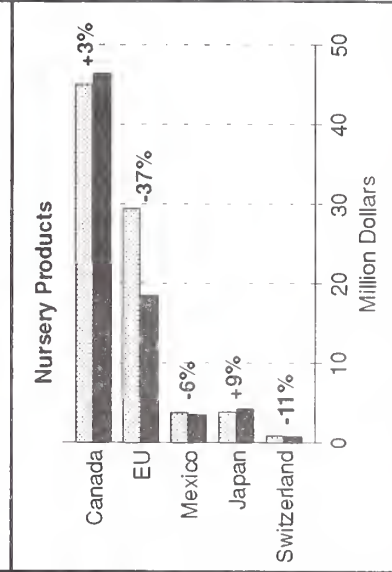
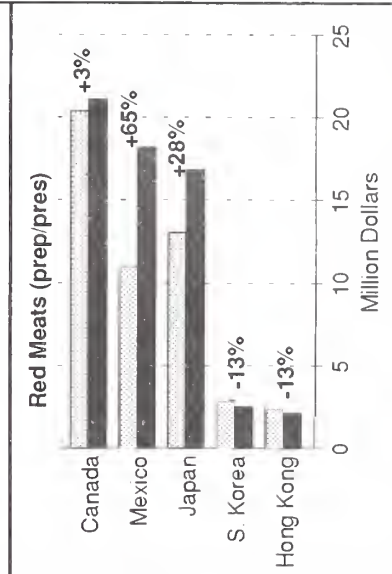
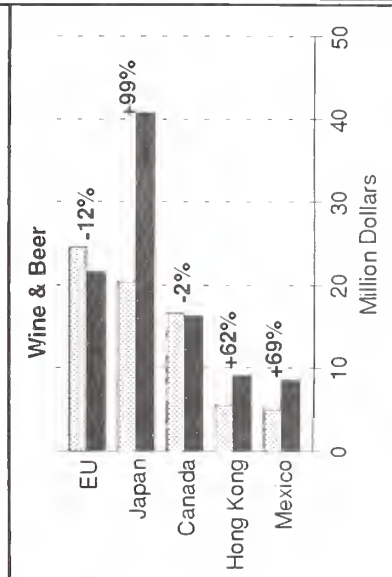
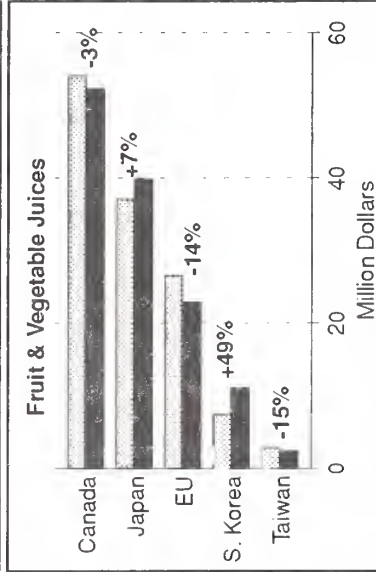
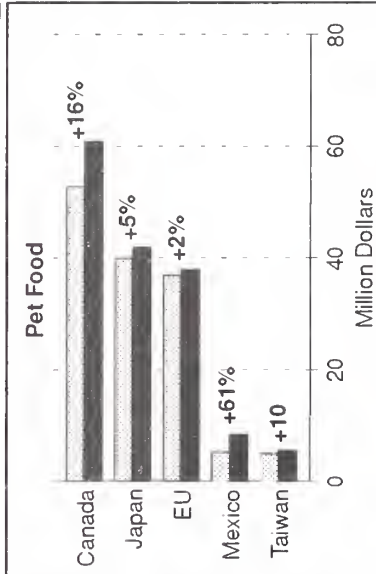
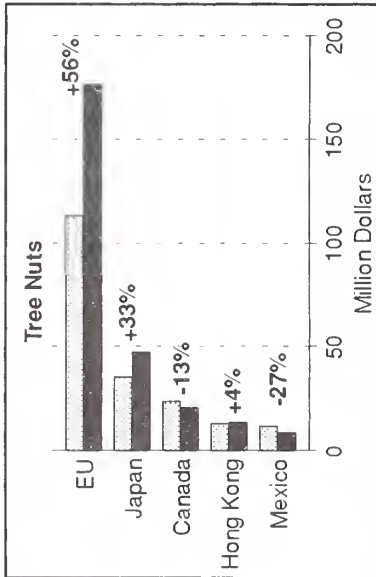
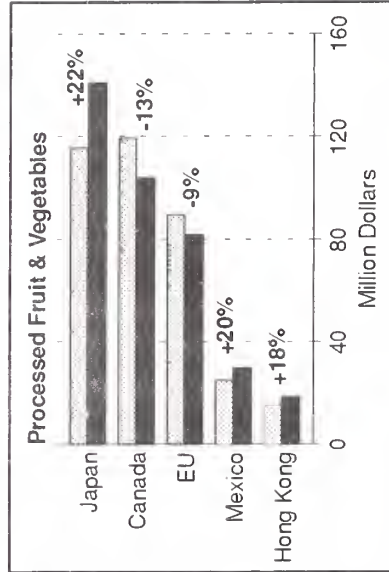
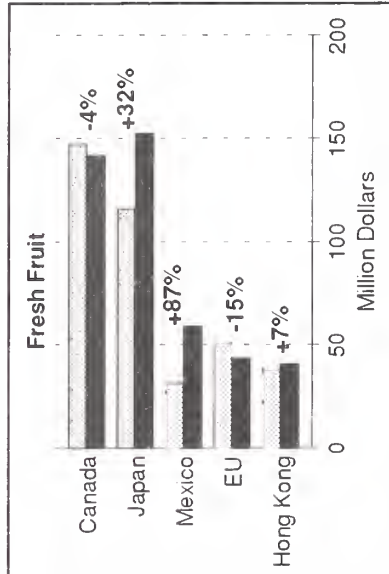
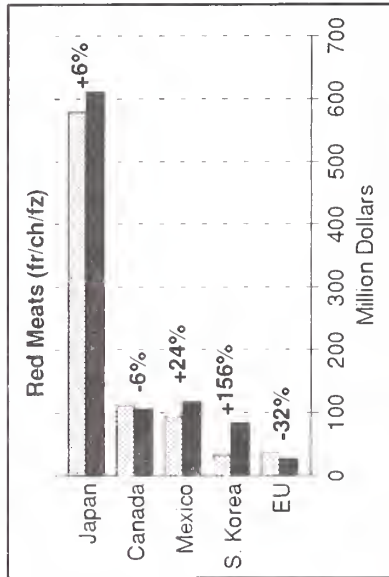


# Top Five Markets for Selected U.S. Consumer Foods

January Through April Comparisons

CY '93

CY '94



Notes: Percentages are computed as the change from 1993 to 1994. Countries are ranked from highest to lowest based on full CY 1993 exports.

# Country Spotlight: Malaysia

*Malaysia has been a rapidly developing market for U.S. agricultural products during the last decade. U.S. exports have doubled over the past 6 years, setting a record of nearly \$200 million in 1993. This has been driven by growth in Malaysian incomes, the introduction of western-style restaurants and supermarkets, and the expansion of the country's domestic livestock and food processing industries. If present trends continue, U.S. exports to Malaysia could reach \$500 million by the year 2000.*

**By Karen Halliburton**

U.S. shipments to Malaysia have increased an average 14 percent in value each year since 1987. Bulk, intermediate, and consumer food products have all shown steady growth, with the largest gains in wheat, soybeans, feeds and fodders, beverage bases, snack foods, chilled/frozen red meats, fresh fruit, processed fruit and vegetables, and lumber. However, much of the current market is still untapped by U.S. producers. The United States accounted for only 9 percent of Malaysia's \$2.3 billion agricultural import market in 1991 and only 8 percent of the high-value sector relative to the larger shares of competitors Australia, New Zealand, Thailand, EU, and China.

Malaysia has typically been in the shadow of more established trade with other Pacific Rim markets such as Japan, Hong Kong, Taiwan, South Korea, and Singapore. It is only now beginning to be seriously recognized by U.S. firms for its near-term market opportunities. For example, some analysts now believe the Malaysian

middle class may be similar in size and purchasing power to that of Singapore. According to a recent study which used purchasing power parity to calculate the size of the middle class, there are approximately 3 million persons in Malaysia with an annual income between \$10,000 and \$40,000.

## Rapid Economic Expansion

The rapid economic expansion that has fueled Malaysia's recent import growth is evidenced by the development of new shopping centers, office complexes, and condominiums in major urban areas. Rising per capita income for the country, as a whole, is estimated at \$3,414 in 1993, and inflation is at a low 3 percent. GDP is projected to grow 8 percent in 1994, roughly the rate maintained since the mid-1960s except for the brief slowdown which occurred in the mid-1980s.

Low interest rates have been another positive sign for the economy. For the last several years, Malaysian importers have either been able to obtain

commercial credit from domestic banks at interest rates lower than those offered through USDA's GSM program or paid in cash. With such a strong private sector, GSM credit guarantees are not expected to be needed to finance exports in the foreseeable future.

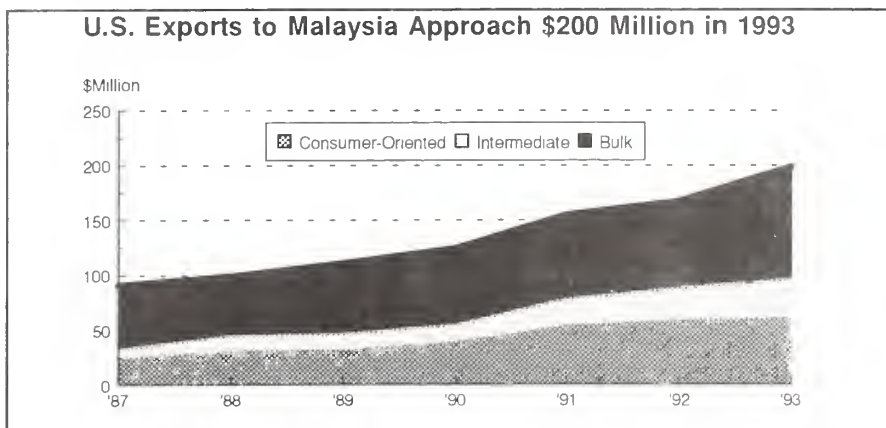
However, some long-term structural challenges loom on the economic horizon. These include fears of a labor shortage and inflation, an industrial base which is too narrowly focused relying on only a few export markets, and an overburdened infrastructure. Despite these concerns, the FAS Agricultural Attache's office in Kuala Lumpur is optimistic about the future, estimating that U.S. exports of agricultural, fish, and forest products to Malaysia could reach half a billion dollars by the year 2000.

## Bulk Sales Largely Wheat and Soybeans

U.S. bulk commodity exports increased 29 percent in 1993 over the previous year's level, primarily due to rising wheat and soybean sales. Soybean exports were a record \$48 million, a 57-percent increase over 1992 and 6 times their 1987 level. Most of the soybeans imported are crushed into meal for the expanding livestock sector. Although the United States currently accounts for more than 50 percent of Malaysia's soybean import market, this share is expected to decline in the short-term due to lower-price bean competition from China and meal competition from India and Argentina. However, over the next 3-5 years, U.S. exports are expected to rebound with tight Chinese export supplies and the construction of new facilities at Port Klang near Kuala Lumpur which is to begin by 1995. The new port is expected to improve U.S. price competitiveness with Asian suppliers for bulk commodities because larger U.S. vessels which are charged lower freight rates will be allowed to dock in the country for the first time.

U.S. wheat exports more than doubled in 1993 to reach \$21 million. One of the factors driving Malaysia's wheat

**U.S. Exports to Malaysia Approach \$200 Million in 1993**



imports has been a shift in demand to wheat-based starches. Malaysia's growing milling sector is expected to expand 5-10 percent per year until the end of the decade. Although Australian wheat--used primarily for noodle production--will continue to dominate the import market, U.S. wheat is expected to maintain a 7-10 percent market share.

Although U.S. tobacco exports dropped back to their 1990 level of roughly \$22 million, the United States continues to command an 85- to 90-percent share of the market's flue-cured tobacco imports. Prospects for U.S. corn are expected to improve in the medium-to-long term assuming that China could run out of exportable supplies as soon as 1996. Thai supplies continue to be tight, and the livestock sector expands further.

U.S. intermediate product exports rose 20 percent in 1993 to \$36 million. Most of the gain is due to record exports of feeds and fodders (\$12.7 million) to supply the livestock industry and beverage bases (\$11.8 million) for the manufacture of soft drinks.

Forest product exports, not included in the agricultural total, also set a record high in 1993 of \$19 million, an 84-percent increase over 1992. While most of the growth was due to a \$6-million increase in lumber sales, logs and panel products were also at record levels. These increases have been fueled by Malaysia's rapidly expanding furniture exports and the market's changing preference for high-quality

imported wood finishes and kitchen cabinets.

## Consumer Foods Show Solid Growth

U.S. consumer food exports set a record high of \$60 million in 1993, slightly ahead of 1992 and twice the level of 5 years ago. Record export levels have been set in snack foods, chilled and frozen red meats, fresh fruit, processed fruit and vegetables, and wine and beer.

U.S. snack food exports to Malaysia were a record high of \$3.5 million in 1993, more than twice their 1991 level. Two-thirds of this category is potato chips. Sales should continue to be strong since, according to *Asian Retailer*, a major U.S. chip company is expanding its distribution operations throughout Asia.

U.S. red meat exports reached a record \$3 million in 1993. Although India supplies most of Malaysia's beef imports, smaller quantities of premium product are supplied by Australia, New Zealand, and the United States. *Asian Retailer* reports that, in an unprecedented move, a Malaysian supermarket chain recently signed an exclusive agreement with an Australian company to sell its premium beef line. This is also the first time Australian meat has been labeled with a quality grade, "Gold Select" in this case. Australian marketers recognize this both as a selling point for a growing segment of Malaysian consumers who are obviously better able to afford a high-

quality product and as a strategy for competing with top-graded U.S. brands.

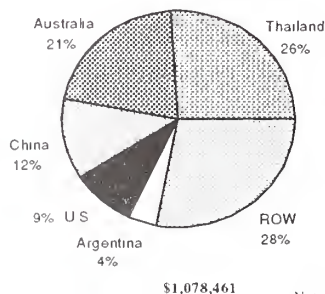
Apples (\$7.5 million), oranges (\$5.3 million), and grapes (\$4.8 million) account for the majority of the record \$18.3 million in U.S. fresh fruit exports. Processed fruit and vegetable exports from the United States were a record \$12.3 million, with raisins (\$4.4 million) and frozen french fries (\$4.3 million) being the largest selling items. While off slightly from 1992, tree nut exports totaled \$3.4 million in 1993. Prepared and preserved almonds, which account for most of this category, have done well for the last several years. Sales of U.S. wines are recovering after several years of duty increases.

Although the Malaysian market for U.S. pet food exports is currently only \$1.4 million, good potential exists for long-term sales as the country's purchasing power continues to grow. According to *Asian Retailer*, pet ownership is high in Malaysia with one out of every ten Malaysian households having a dog and three of every ten having a cat. The greatest limitation for sales in the short-run may be affordability.

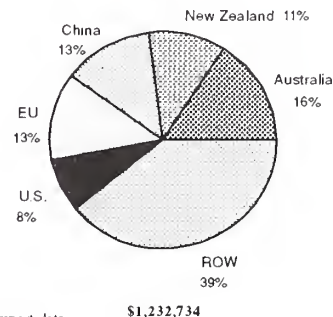
Other consumer food products identified as having market potential include premium ice cream and yogurt, chocolate products, high-quality breakfast cereals, health foods such as ginseng and bee pollen products, dried peas, beans, lentils, tomato sauces/purees, fruit juices, food ingredients, and other microwavable and convenience foods.

## Opportunity to Expand U.S. Export Share of Growing Malaysian Market

**Bulk**



**High-Value**



Note: Market shares based on 1991 United Nations import data.



## ...Malaysia

Trade liberalization should also present new market opportunities. Under the recently completed Uruguay Round of GATT trade negotiations, Malaysia agreed to either bind import tariffs at their current applied rate or reduce the rate on a number of dairy, tree nut, processed food, and oilseed products. For more specific information, contact Teresa Howes at (202) 720-1972.

U.S. exports to Malaysia may be greatly undervalued. The FAS post in Kuala Lumpur estimates that on average as much as 40 percent of U.S. exports to Singapore may be transshipped to Malaysia, particularly to the East Malaysian states of Sabah and Sarawak. Fresh fruits and processed products, such as raisins, are most affected. Malaysia's border with Singapore and historically high import tariffs on consumer foods make it a natural for transshipment. Shipments are often either trucked across the border or off-loaded from larger vessels to smaller inter-coastal ships.

According to Jeff Hesse, an FAS attache who recently served in Malaysia, traditional trading ties between Singapore importers and Malaysian importers also continue to drive transshipments. Singapore importers have historically carried the financing and often buy at bulk rates and then parcel shipments out to small Malaysian importers. Family ties among Chinese importers are also prevalent. Transshipment through Singapore is reportedly declining with the Malaysian Government's new policy to give a 10-percent rebate on import duties for some products shipped directly through Malaysian ports and the improvement of port facilities.

### Cultural Diversity a Factor

The cultural diversity of Malaysia is most visible in the selling of meat products. The Muslim religion of the Malay, which represent about 60 percent of the population, requires that beef be slaughtered according to halal specification and certified as such. Halal certification can be a difficult

process requiring representatives from the Malaysian Government as well as a Muslim religious official visit a slaughterhouse in the United States to approve its practices.

Although Malaysia is expected to remove its de facto ban on imports of chicken and chicken parts before the end of this year, U.S. producers could be at a disadvantage if the imported chicken is required to meet halal standards. Reportedly, only two U.S. companies are currently exporting processed poultry products to Malaysia, and a number of competitors in Denmark, Canada, the Netherlands, and Belgium are either already certified or awaiting inspection and approval.

Approximately 30 percent of Malaysia's population is Chinese with Indians representing most of the other 10 percent. While exporters should be aware that the three ethnic groups have some differences in tastes and preferences for certain products, these differences are usually the exception rather than the rule and do not pose a limitation for most imported food products. For example, red fruits sell well to the Chinese segment of the population because red means good luck to the Chinese. While pork cannot be eaten by Malay for religious reasons, it is a traditional meat for Chinese dishes. Similarly, dried fruit and nuts are traditional food staples of the Indian segment of the population.

### Growth of Food Service/Hotel Industry

The opening of new western restaurant chains, international class hotels, upscale shopping malls, department stores, supermarkets, and now hypermarkets has sparked demand for many U.S. consumer food products. This development is not limited to Kuala Lumpur, but has also spread to secondary cities such as Langkawi, Penang, Ipoh, Malacca, and Johore Baru.

The food service and hotel industry is reportedly the fastest growing channel

for sales of U.S. products. During just the first 6 months of this year, five U.S. franchises (Haagen-Daz Ice Cream, TGI Friday's Bistro, Sizzler, and Kenny Rogers Roasters) opened their first outlets in Malaysia in partnership with Malaysian investors. Others planning to enter Malaysia later this year include Domino's Pizza and American Chili's Grill and Bar. Established fast-food chains, such as McDonalds, Kentucky Fried Chicken, Carl's Jr. Hamburger, Shakey's, and Pizza Hut, are expanding their presence with the opening of more outlets throughout the country. According to *Asia Pacific Food and Beverage Business*, Pizza Hut will be setting up delivery units as well as restaurants.

Both tourists and Malaysian locals are known to patronize the country's 30 hotels currently available for fine dining. They offer a variety of upscale food items including U.S. prime beef and wines. Tourism is expected to reach 8 million visitors this year due to the "Visit Malaysia Year '94" campaign and roughly 80 new international class and budget hotels are scheduled to come on line by 1998. Most of these will be located in Kuala Lumpur to service the influx of tourists expected for the 1998 Commonwealth Games to be hosted by Malaysia.

A bright economic outlook and trade liberalization for Malaysia in 1994 and beyond suggest continued U.S. export expansion. Opportunities for U.S. exporters to learn more about the Malaysian food market include the Food and Hotel Malaysia Show scheduled for September 24-27, 1995. For more information on the show or other questions concerning the Malaysian market, contact Kent Sisson, Agricultural Attache, Office of Agricultural Affairs, American Embassy-Kuala Lumpur, APO AP 96535-8152, Tel: (011-60-3) 248-9011 Fax: (011-60-3) 242-1866.

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# U.S. Exports of Agricultural, Fish & Wood Products to MALAYSIA

Calendar Years 1989 to 1994 and Year-to-Date Comparisons  
(thousands of dollars)

Product	Calendar Years					January - April		% Chg
	1989	1990	1991	1992	1993	1993	1994	
<b>Bulk Agricultural Total</b>	64,441	69,421	76,786	78,707	101,696	52,265	34,318	-34.3%
Wheat	6,251	7,836	10,950	9,828	21,338	5,867	2,025	-65.5%
Coarse Grains	3,162	3,397	8	0	37	0	30	NA
Rice	0	231	314	0	0	0	0	0.0%
Soybeans	20,820	16,726	24,267	30,374	47,748 *	36,269	21,528	-40.6%
Cotton	10,670	15,148	9,965	10,351	5,833	2,676	3,258	21.7%
Tobacco	21,210	22,534	27,044	25,516	22,337	6,150	5,894	-4.2%
Pulses	732	889 *	869	805	743	267	379	41.9%
Peanuts	1,151	807	919	1,305 *	1,150	352	586	66.5%
Other Bulk Commodities	445	1,852	2,449	527	2,510 *	685	617	-9.9%
<b>Intermediate Agricultural Total</b>	14,656	16,792	24,055	30,118	35,999 *	12,752	19,001	49.0%
Wheat Flour	0	0	0	0	0	0	0	0.0%
Soybean Meal	0	0	0	0	0	0	0	0.0%
Soybean Oil	2	3	81	33	23	11	0	-100.0%
Other Vegetable Oils	2,837 *	1,154	2,610	1,890	2,269	647	430	-33.5%
Feeds & Fodders (excl pet foods)	3,924	4,844	8,083	11,029	12,740 *	5,072	5,358	5.6%
Live Animals	2,150	3,604 *	2,966	3,104	3,341	1,077	802	-25.5%
Hides & Skins	0	0	13	169	12	0	0	0.0%
Animal Fats	0	0	0	0	0	0	0	0.0%
Planting Seeds	172 *	140	126	151	78	21	33	57.1%
Sugars, Sweeteners & Bever. Bases	2,948	3,627	5,573	8,570	11,852 *	4,121	11,051	168.2%
Other Intermediate Products	2,623	3,419	4,603	5,171	5,683 *	1,802	1,326	-26.4%
<b>Consumer - Oriented Agricultural Total</b>	31,410	37,982	53,461	57,796	60,061 *	16,920	21,526	27.2%
Snack Foods (excluding nuts)	1,387	1,762	1,533	2,112	3,508 *	832	1,229	47.7%
Breakfast Cereals & Pancake Mix	54	935	689	1,561 *	1,104	487	530	8.8%
Red Meats, Chilled/Frozen	2,039	2,014	2,507	2,894	2,960 *	1,048	1,038	-1.0%
Red Meats, Prepared/Preserved	290	379 *	105	183	122	74	0	-100.0%
Poultry Meat	249	94	1,108	603	1,220	334	293	-12.3%
Dairy Products	502	525	5,591 *	2,946	1,989	557	1,528	174.3%
Eggs & Products	55	109 *	50	32	63	29	15	-48.3%
Fresh Fruit	8,857	9,931	11,903	15,850	18,276 *	4,830	6,493	34.4%
Fresh Vegetables	240	446 *	279	192	171	48	89	85.4%
Processed Fruit & Vegetables	6,700	8,018	8,461	11,221	12,272 *	3,364	4,178	24.2%
Fruit & Vegetable Juices	1,119	1,200	1,868 *	1,541	888	249	327	31.3%
Tree Nuts	1,384	1,662	1,623	3,467 *	3,412	677	1,206	78.1%
Wine and Beer	282	348	517	303	861 *	218	238	9.2%
Nursery Products & Cut Flowers	15	15	7	16	24	0	0	0.0%
Pet Foods, Dog/Cat	1,457	890	1,908 *	1,456	1,353	504	324	-35.7%
Other Consumer-Oriented Products	6,781	9,654	15,312 *	13,421	11,838	3,669	4,038	10.1%
<b>Wood Products Total</b>	3,488	5,259	7,824	10,280	18,956 *	5,846	3,918	-33.0%
Logs	135	0	213	447	788 *	317	391	23.3%
Lumber	2,443	4,376	6,023	8,391	14,304 *	4,710	2,819	-40.1%
Plywood & Panel Products	616	394	923	873	2,893 *	733	497	-32.2%
Other Wood Products	294	489	666	569	971 *	87	210	141.4%
<b>Fish &amp; Seafood Products Total (Edible)</b>	3,704 *	1,284	783	943	1,180	287	607	111.5%
Salmon, Whole/Eviscerated	17	0	8	7	0	0	0	0.0%
Salmon, Canned	0	0	13	32 *	0	0	0	0.0%
Crab & Crabmeat	5	18	59	0	0	0	0	0.0%
Surimi (fish paste)	0	0	0	0	517 *	0	260	NA
Roe & Urchin	0	0	32 *	0	0	0	0	0.0%
Other Edible Fish & Seafood Products	3,681 *	1,266	671	904	663	287	347	20.9%
<b>Agricultural Product Total</b>	110,507	124,195	154,302	166,621	197,756 *	81,937	74,845	-8.7%
<b>Agricultural, Fish &amp; Wood Product Total</b>	117,699	130,738	162,909	177,844	217,892 *	88,070	79,370	-9.9%

Note: (\*) Highest export level since at least 1970.

# Product Spotlight: Soup

*The soup's on! U.S. exports of canned and dry soup reached a record \$73 million in 1993, nearly five times the level six years ago. In the first quarter of 1994, soup shipments have risen 28 percent. If the recent trends continue, the rising tide of soup sales could pass the \$100 million mark by the mid 1990's and approach \$150 million by the end of the century.*

**By Robert Tse**

The market for U.S. soup is highly concentrated in North America and East Asia. Canada, Mexico, Hong Kong and Japan have consistently represented more than three fourths of U.S. soup shipments, although new markets are appearing in other Asian countries, as well as Central and South America.

Soup may be divided into two major categories - canned and dried. Dry soups which include bouillon and canned soups which are condensed or ready to serve, each represent about half of U.S. shipments.

## Exports To North America Primarily Dry Soup

In 1993, 57 percent of U.S. soup shipments went to both Canada and Mexico. Although both countries are major consumers of the leading U.S. brand of canned soup, the export market consists mostly of dried ramen type or bouillon soups, partly because of local canned soup manufacturing operations. Nearly 90 percent of U.S.

dry soup export sales go to Mexico and Canada.

Soup consumption patterns differ markedly between these countries. Canada is the most similar to the United States in demographics and soup uses. Soup, especially canned soup is a major ingredient in cooking as well as a lunch item. Like the United States, soup consumption is seasonal - peaking in the winter. Ramen soups are relatively new, and tend to be convenience items often consumed by young singles.

In contrast, soup in Mexico is typically consumed as part of a meal. For many Mexicans, dry soup is the traditional form of soup. Despite the dominance of dry soup in exports to Mexico, canned soup is also being shipped. Part of this is due to parallel shipments of major U.S. brands to club stores in Mexico, particularly in the border areas. The large middle class population and lower tariffs because of NAFTA have also attracted other U.S. soup

manufacturers to attempt to enter the market. Non transparent packaging and labelling regulations remain a entry barrier.

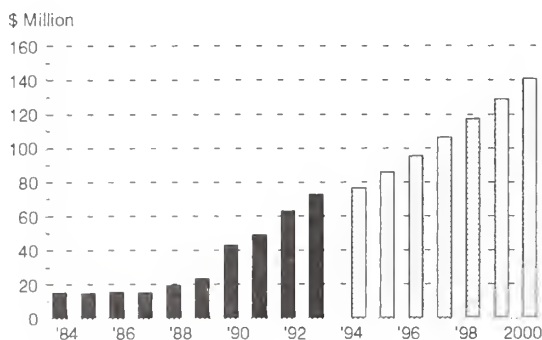
## Asia: Soup Is a Blend of East and West In a Can

Asia is the other major regional market for U.S. soups. Hong Kong and Japan, together account for 20 percent of total shipments, while Taiwan, Korea, Singapore, Malaysia and China are upcoming new markets. In contrast with North America, the Asian markets are canned soup export markets.

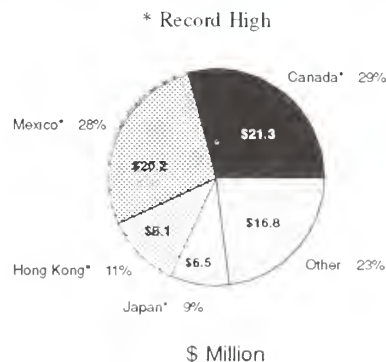
Hong Kong is the third largest U.S. soup market with a record \$8 million in sales in 1993. It epitomizes the dynamic mixture of eastern and western cuisine and dual advertising approaches to maximize appeal. This affluent island of 5.5 million, is also particularly attractive because of its rising soup servings per capita. This is projected to pass the 20 soup servings per capita of the United States by the end of the century. Hong Kong's high per capita income of more than \$14,000 also means that virtually the entire population can afford to purchase imported U.S. soup.

The Hong Kong soup market is divided into two segments: eastern and western soups which according to data extracted from the Journal of Commerce's PIERS,

**Soup Sales Set Record**



**Top Four Markets Dominate Soup Sales**





is virtually all Campbell's Soups.

Eastern or Chinese style soups are sold under the Campbell's Swanson brand. These soups are primarily broths and ready to serve soups. Broths are used as a base for making Chinese style soups. Campbell's has extended their broth lines to include ham and scallop. Finished soups developed specially for the Chinese market are duck gizzard and water cress, pork and green radish, and carrots. Borscht with cabbage soup is also popular. The use of cabbage instead of beets with borscht originated from the White Russians who fled to China, particularly Shanghai after the Russian Revolution. The Swanson name has appeal as an eastern soup brand because Swanson (C-wan-son) sounds like a Chinese word.

Hong Kong's westernized middle class is also targeted by advertising for Campbell's famous red and white label soups. These ads emphasize the red and white soups modern western image. Cream of mushroom is the most popular flavor. The popularity of cream soups is attributed to the extensive travel to the United States by Hong Kong residents for business or education. These soups are primarily consumed at lunch or used for a change of pace.

Japan is the fourth largest U.S. soup market. Sales reached a record \$6.4 million in 1993. In the first quarter of 1994, sales are double of the same quarter last year. As in Hong Kong, U.S. canned soup exports are dominated by Campbell's Soup. U.S. soup sales in Japan have focused on the consumer retail trade. It appears that opportunities also exist in the hotel-restaurant-institutional trade for additional U.S. export sales.

Corn potage is the most popular U.S. style soup in Japan. Unlike the United States, some segments of the Japanese population consume soup for breakfast. The spread of western style restaurants

has created new market potential for soup sales. While western fast food emporiums have become popular among Japanese youth, western sit down restaurants have also become popular sites for business meals because of the relative ease of preparation of western cuisine compared to Japanese. The Japanese adaptation of western cuisine has incorporated soup as a necessary first course to a western restaurant meal. Only the fast food chains seem to be exempt. Typically a small bowl of corn soup is served even at a local hamburger restaurant.

The Pacific Rim nations of Taiwan, Korea, Singapore, Philippines, Malaysia, and China are new markets with tremendous potential, but significant entry barriers. High tariffs are major barriers for soup sales in Korea, Taiwan and China. Tariffs drive the price of soup beyond the reach of a major segment of potential buyers. The recent GATT agreement will reduce soup tariffs in Korea and Thailand. An example of the impact of high tariffs on market potential, is the comparison of the household affordability threshold for soup between Hong Kong and China. Hong Kong with no tariffs has a consumer affordability threshold of \$13,700, while Chinese tariffs push the affordability threshold to \$23,200. The spread of western style supermarkets and hypermarkets throughout Asia is creating new opportunities for soup sales through a new distribution system which tends to reflect the growth of middle class consumers who can afford to buy and want the convenience of canned soups.

## **New Market Opportunities**

Central and South America also represent new market opportunities for U.S. soup sales. Argentina has been the focus of market entry efforts by the Campbell's Soup Company. The success was reflected in the rise to a record \$1.6 million in U.S. soup sales in 1992. Sales dropped in 1993

because of local copy cat soups, but prospects are good for future sales. In Argentina soup is part of a main meal for lunch. U.S. condensed soups are viewed as a product innovation.

Soup sales have been rising in Central America reaching \$1 million in 1993. According to exporters this is a two tier market. Canned soups such as Campbell's are purchased by the middle class, while the large low income population is the buyer for low priced dehydrated soups. Dehydrated soups, diluted beyond recommendations, are the only affordable daily meal for some families. Panama is the largest market in Central America. According to Grant Pettrie, FAS Agricultural Attache in Guatemala, Central America will have steady economic growth and overall, a more stable political situation which should provide better potential for future U.S. soup sales.

One factor affecting potential soup sales around the world is the changing retail structure. Developments in global food retailing are creating new market entry opportunities for U.S. soups. In nearly every country there has been a shift toward western style supermarkets, and more recently hypermarkets. These modern retail centers offer opportunities for direct export and volume sales. The development of hypermarkets creates a tremendous need for product. Hong Kong's Grand Mart hypermarket sources nearly all of its products from the United States.

Soup is poised to become another U.S. consumer food product to pass the \$100 million export sales level in the next few years because of continued strong prospects in the top markets and developing opportunities in new markets across Asia, and Central and South America.

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# Trade Policy Updates

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## **Thailand Reduces Import Tariff on Corn**

Thailand recently reduced the import tariff on corn from about \$15 per ton to about \$7 per ton in response to tight internal corn supplies. As recently as 1990/91, Thailand was a major corn exporter, shipping over 1.1 million tons that year. However, with the rapid expansion of the livestock industry, domestic consumption of corn has jumped from 1.2 million tons 10 years ago to 3 million tons in 1993/94. This increase in domestic demand has pushed Thailand from a major export competitor to a net importer of corn. Due to transportation cost advantages and trade-distorting internal measures, China, not the United States, will likely reap the advantages of this export opportunity in the near term.

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## **Egyptian Plant Quarantine Delegation Assesses Washington State Apples**

A team of plant quarantine officials from Egypt was scheduled to go to Washington State June 8-13 to visit apple production areas and examine handling, storage, and pest/disease control and treatment procedures. FAS/HTP and APHIS representatives were to accompany the delegation to be led by Egypt's Undersecretary for Plant Quarantine. This visit was prompted by a recent incident in which a shipment of 44,000 boxes of Washington State apples was rejected upon arrival in Egypt due to the detection of dead insects, which the Egyptian authorities have cited as a quarantine concern. This visit was intended to attempt to convince Egypt's plant health officials that the existing quarantine controls and certification procedures effectively negate the possibility of pest and disease transmission. Some U.S. industry sources view Egypt as a limited but promising market for U.S. apples should the existing phytosanitary obstacles be overcome.

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## **Special Global Import Quota Announced for Upland Cotton**

On May 31 the Department announced a special quota that will allow additional imports of upland cotton up to 405 million pounds. This quantity is in addition to the 21 million pounds allowed to be imported under section 22 of the Agricultural Adjustment Act of 1933. The quota will be in effect for 90 days from June 3 through August 31, 1994, and is not specific as to staple length or country of origin. It also does not affect tariff rates or phytosanitary regulations.

The Agricultural Act of 1949 requires establishing an import quota whenever the Secretary of Agriculture determines and announces that the average price of base quality of upland cotton in designated spot markets for a month exceeded 130 percent of the average price of such quality cotton in the same markets in the preceding 36 months. The special quota amounts to 21 days of domestic mill consumption of upland cotton, seasonally adjusted.

This quota is intended to allow domestic textile mills to access cheaper cotton when U.S. cotton prices are unusually high. However, when the quota was established three times previously, most recently in November 1987, little, if any cotton was imported. It is expected that this will also be the case with the current quota as foreign exportable supplies are virtually exhausted. Additionally, shipping costs from other major producing countries would likely negate any price discounts on foreign cotton.

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## **U.S.-EU Begin Consultations On Corn Gluten Feed and Wine**

On June 1, three days of consultations began between U.S. and EU Commission officials over the EU-proposed monitoring system of corn gluten feed shipments into the European Union. The two sides were also to discuss the U.S.-EU Wine Accord. The EU delegation was to be led by EU Director General Peter Wilmot (DG XXI, Customs).

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## ...Trade Policy Updates

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### **Mexico Imposes CVD On EU Beef and Undertakes Anti-Dumping Investigation of U.S. Beef**

On June 3, 1994, the Mexican government instituted a 45.74 percent countervailing duty (CVD) on frozen beef imports from the European Union (EU). The duty is to be levied on the customs declared value of EU product (a 25-percent duty also applies) and concludes an ongoing Mexican CVD investigation. On the same day, Mexico undertook an anti-dumping investigation against U.S. beef imports at the behest of domestic livestock producers. Such action has been rumored for several months. The results of the investigation will not be known until at least the middle of July. In the first quarter of 1994, U.S. beef shipments to Mexico grew 35 percent from a year earlier to nearly 14,500 tons (approximately \$50 million).

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### **All of Japan's Imported Rice Arrives On Japanese Ships**

The U.S. shipping industry is very concerned that only Japanese ships and charters have carried all of the million plus tons of rice recently imported by Japan. U.S. shipping lines have been unable to compete for this market because of requirements established by the Japanese Food Agency. In addition, the Japanese private sector Import Cargo Transportation Council (ICTC) is composed exclusively of Japanese shipping lines with business links to the trading companies awarding the freight contracts. Consequently, the Federal Maritime Commission, an independent regulatory agency, is presently gathering information to determine whether proceedings against Japanese shipping practices should be initiated.

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### **Japanese Farmers May Opt Out of the Rice Subsidy System**

Rice growers will be freed to leave the current rice subsidy system, which pays them to take paddy out of production, according to officials now reviewing the Food Control Law. Those who stay would continue to draw subsidies from the government at guaranteed prices. However, those farmers who leave would be free to produce and market as much as they wish, converting what is now a gray market into one that is legal and free. While about 40 percent of domestic rice is currently held back by farmers for their own consumption, it is actually sold later at prices far in excess of those in the official retail system. The GOJ also intends to increase the size of its stockpiles with the 1995 crop year to avoid a recurrence of last year's crop failure.

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### **Venezuela Re-opens Market to U.S. White Corn for Feed Purposes**

The Ministry of Agriculture of Venezuela officially declared the 12,000 tons of U.S. white corn fit for animal consumption. For more than three months the GOV had prevented the corn from entering commercial channels, because it claimed for a variety of different quality and sanitary reasons that it was not fit for human consumption, its original intended use. Concerns for this cargo threatened to preclude pending sales of white corn from the United States. The issue became politically charged when eighteen U.S. Congressmen wrote the President and Cabinet members to intervene to help solve the dispute. While the corn has never been declared fit from human consumption by health authorities in Venezuela, the recent decision to permit consumption by animals is a qualified success. Based on available information, it appears that pending shipments of white corn if entered through ports different than Ciudad Bolivar will not face undue difficulties.

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### **Wine Derogations Extended**

At the May 30 - 31 Agriculture Council, EU Ministers extended the derogation to regulation (EEC) 2390/89 on imported wines until Dec. 31, 1994. As part of the U.S./EU Wine Accord, U.S. wines are exempted from EU regulations which restrict imports to wines produced by EU approved enological practices and require extensive laboratory testing and certification.

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## ...Trade Policy Updates

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### **Zenchu Demands a 27% Increase in Rice Price Supports**

Zenchu, the National Union of Agricultural Co-ops, asked farm minister Mutsuki Kato to raise this year's minimum price support for rice by 27 percent. The union is ignoring Tokyo's Uruguay Round commitment to begin opening the market by bringing price supports down and encouraging more efficient methods of cultivation, which is crucial if Japanese farmers are to survive in the long term. The union suggests that the current minimum price (\$2.52/lb) is about 8% below the minimum cost of production. To cover costs and provide a reasonable profit, the union insists that the government raise the price to \$3.32/lb. The farm ministry will set its minimum price for 1994 rice, early next month.

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### **NAFTA Agricultural Safeguard Triggered for U.S. Apple Exports to Mexico**

In a letter dated June 13, Mexico notified that the 55,000-ton NAFTA agricultural safeguard on imports of U.S. fresh apples has been exceeded since the end of March. Mexico's tariff on imports from the United States will increase from the current 18 percent (the NAFTA preferential rate) to the 20-percent most-favored-nation rate once they can publish in their "Federal Register."

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### **European Court of Justice Rejects Germany's Banana Case**

On June 8, the Advocate General of the European Court of Justice (ECJ) announced his rejection of Germany's complaint against the EU's banana import regime. Although the ECJ determined that the EU Council of Ministers had not exceeded its authority in adopting the tariff import regime, the Advocate General did criticize the Council's handling of the matter. Those criticisms cited included the methodology in setting the third country or "dollar banana" import quota and the regime's inadequacy in accounting for increasing demand for third country bananas.

# Market Updates

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## **Japan Plans Rice Area Increase**

In response to last year's disastrous crop, Japan's Ministry of Agriculture, Forestry, and Fisheries recently announced plans to further relax mandatory rice area diversion to alternative crops. Further area increases will make future imports of high-quality rice far more difficult politically than under the original planting regime. The diversion reduction target will be decreased from the current 673,000 hectares to 600,000 hectares for the 1994/95 fiscal year (April-March). Japan began reversing its diversion program in 1992/93, ending a 6-year trend of acreage reduction. Planned as a special one-time measure for 1992/93, acreage was allowed to increase by a small amount in 1993/94.

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## **Malawi Drought Disaster Declared**

The Government of Malawi announced that insufficient food stocks are available to meet the country's consumption needs this year. Production of corn in 1993-94, the dietary staple, is estimated by an international donor survey team to be 831,000 tons, down from recent forecasts of 1.2 million tons due to the continued extreme impact of the drought. Stocks in the commercial sector of 140,000 tons and strategic government reserves of 180,000 tons will leave a 400,000-ton food deficit requiring external relief intervention.

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## **EU Use of Grain for Feed Up**

EU grain utilization for animal feed in 1993/94 is now estimated to be 8 million tons higher than last year. Most of the increase is because more competitively-priced grain under CAP reform has replaced imported non-grain feed ingredients, but overall compound feed output is up nearly 2 million tons. Grain producers have sold their surplus soft wheat, barley and corn into the stronger domestic feed market. Grain sales to intervention stocks are 10.4 million tons smaller than last year.

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## **Hungary Likely to Return to Wheat Export Market--Subsidies Requested**

Hungary is considering export subsidies in order to sell its surplus wheat, which reportedly could reach as much as 1 million tons. Cash-strapped wheat producers want subsidies to be implemented as early as July since the government will not commence buying wheat until mid-September at guaranteed prices reportedly at about \$80 per ton. Hungary is historically a wheat exporter but has imported wheat during the past two years due to drought. However, as conditions normalize Hungary will resume wheat exports, possibly with benefit of subsidies.

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## **Jordan Buys Long Grain Vietnamese Rice**

On May 30, Vietnamese rice was sold to Jordan for the second time. Vietnam has captured roughly 20 percent of the market with this 15,000-ton sale of long grain rice and a prior 10,000-ton sale. Reportedly, quality of the first shipment was excellent. Traditionally, Jordan has purchased mainly medium grain rice but is apparently diversifying its purchases in response to the price spread. The United States has had a longstanding presence in this market, as a result of market development activities in conjunction with EEP availability. However, there have been no significant sales of U.S. rice to Jordan in over a year.



# U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January - April		% Chg
	1989	1990	1991	1992	1993	1993	1994	
<b>Bulk Agricultural Total</b>	22,813,257	20,232,083	18,348,386	19,887,248	18,593,458	7,241,427	6,434,189	-11.1
Wheat	5,886,505	3,839,037	3,292,138	4,449,324	4,664,582	1,747,990	1,310,487	-25.0
Coarse Grains	7,738,137	7,036,717	5,722,597	5,736,599	5,000,598	1,889,718	1,556,425	-17.8
Rice	971,123	801,527	753,557	728,072	771,312	252,313	338,170	34.0
Soybeans	3,942,468	3,549,508	3,958,443	4,380,402	4,598,748	1,975,232	1,639,262	-17.0
Cotton	2,268,501	2,796,495	2,491,999	2,010,338	1,540,878	645,347	636,762	29.7
Tobacco	1,301,173	1,441,118	1,427,631	1,650,559 *	1,306,067	503,875	520,270	3.3
Pulses	298,404	353,111	268,414	191,856	213,254	68,025	72,603	8.7
Peanuts	192,670	203,373	180,304	240,308	204,578	85,132	48,347	-25.8
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,645	93,798	111,844	19.2
<b>Intermediate Agricultural Total</b>	6,645,875	8,573,907	6,789,224	9,231,134 *	6,973,466	3,162,603	3,126,645	-1.6
Wheat Flour	257,937	182,958	184,256	184,317	205,729	89,777	78,717	-14.5
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	487,606	349,930	-25.2
Soybean Oil	358,723	312,930	222,128	378,202	363,897	118,487	119,457	2.8
Other Vegetable Oils	423,994	394,790	418,144	502,732	543,897 *	187,943	173,729	-7.8
Feeds & Fodders (excl. pet foods)	1,598,995	1,572,389	1,605,732	1,722,327	1,744,183 *	620,844	585,420	-5.7
Live Animals	490,501	513,783	686,563 *	607,891	516,927	134,704	180,411	19.1
Hides & Skins	1,696,164	1,729,731	1,357,570	1,328,054	1,268,858	427,359	476,153	11.4
Animal Fats	510,153	426,729	426,824	515,214	501,702	171,322	170,763	-0.3
Planting Seeds	510,214	588,723	671,655	675,011 *	619,359	279,621	281,999	0.9
Sugars, Sweeteners & Bever. Bases	409,196	572,052	834,101	573,921	567,607	161,671	213,692	17.5
Other Intermediate Products	1,179,702	1,272,743	1,428,946	1,452,744	1,507,288 *	505,290	516,573	2.6
<b>Consumer - Oriented Agricultural Total</b>	6,379,789	10,465,615	11,967,920	13,695,994	14,911,316 *	4,531,777	5,018,032	10.7
Snack Foods (excluding nuts)	364,429	530,125	633,040	629,679	1,024,643 *	311,726	332,545	6.7
Breakfast Cereals & Pancake Mix	91,881	157,882	216,602	219,762	252,993 *	87,727	89,559	2.1
Red Meats, Chilled/Frozen	2,213,602	2,394,495	2,660,267	3,112,361 *	3,055,222	930,264	1,025,714	10.3
Red Meats, Prepared/Preserved	100,636	135,996	165,101	161,562	220,038 *	60,002	75,671	28.1
Poultry Meat	509,426	672,888	617,913	926,484	1,100,613 *	299,660	436,509	45.7
Dairy Products	430,741	328,053	462,956	793,754	857,487 *	270,396	257,605	-4.7
Eggs & Products	90,685	101,979	143,367	139,234	139,438	42,701	48,061	12.6
Fresh Fruit	1,134,657	1,486,469	1,561,053	1,683,344	1,707,147 *	463,192	534,918	15.5
Fresh Vegetables	356,015	726,646	832,935	899,624	985,953 *	357,634	326,372	-8.2
Processed Fruit & Vegetables	1,003,616	1,248,753	1,394,490	1,558,121	1,639,583 *	507,025	510,290	0.6
Fruit & Vegetable Juices	291,248	375,497	385,414	461,017	469,517 *	157,135	157,500	0.2
Tree Nuts	663,332	601,120	667,704	928,531	996,246 *	261,232	340,656	30.4
Wine and Beer	206,095	266,202	315,756	369,181	379,301 *	106,028	135,946	28.2
Nursery Products & Cut Flowers	104,687	186,741	201,442	201,321	209,397 *	67,662	78,907	-10.2
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621 *	155,841	176,556	14.6
Other Consumer - Oriented Products	622,997	606,706	979,907	1,190,410	1,374,118 *	433,146	487,196	12.5
<b>Wood Products Total</b>	6,013,514	6,481,227	8,429,179	8,741,665	7,281,313 *	2,530,709	2,249,187	-11.1
Logs	2,368,028	2,386,921	2,074,432	2,140,010	2,489,560 *	918,945	713,019	-22.2
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,643 *	639,388	809,231	-3.6
Plywood & Panel Products	642,703	769,963	735,227	647,667	906,397 *	302,616	311,074	2.7
Other Wood Products	962,534	1,194,426	1,416,167	1,431,317	1,435,714 *	471,558	415,843	-11.6
<b>Fish &amp; Seafood Products Total (Edible)</b>	2,283,151	2,776,759	3,035,363	3,353,935 *	2,959,066	991,639	934,752	-5.6
Salmon, Whole/Eviscerated	729,294	666,562	436,975	681,663	583,060	53,382	33,963	-36.4
Salmon, Canned	69,744	104,276	133,644	154,401	160,416 *	42,653	45,562	6.8
Crab & Crabmeat	253,674	363,251	431,411	448,050 *	417,660	269,983	245,939	-15.2
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	99,370	101,241	1.9
Roe & Urchin	263,246	289,458	389,031	421,396 *	415,319	158,062	160,292	2.7
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,796	1,106,309	350,390	347,755	-0.6
<b>Agricultural Product Total</b>	39,636,921	39,271,805	39,105,530	42,814,376	42,476,240	14,955,807	14,579,066	-2.5
<b>Agricultural, Fish &amp; Wood Product Total</b>	46,135,586	46,529,591	48,570,092	52,909,996 *	52,716,639	16,478,355	17,762,985	-3.9

Note: (\*) Highest export level since at least 1970.

N/A = not available.

# U.S. Agricultural, Fish & Wood Product Exports by Major Commodity Group

## Monthly and Annual Performance Indicators

Export Values	April			October – April			Fiscal Year		
	1993	1994	Change	FY '93	FY '94	Change	1993	1994(f)	Change
	– \$Billion –			– \$Billion –			– \$Billion –		
Grains and Feeds 1/	1.367	1.033	–24%	9.103	8.294	–9%	14.332	13.1	–9%
Wheat & Flour	0.499	0.289	–42%	3.134	2.599	–17%	4.954	4.2	–15%
Rice	0.070	0.083	20%	0.458	0.547	19%	0.768	1.0	30%
Coarse Grains 2/	0.510	0.357	–30%	3.396	2.969	–13%	5.094	4.3	–16%
Corn	0.401	0.272	–32%	2.769	2.492	–10%	4.251	3.7	–13%
Feeds & Fodders	0.186	0.186	0%	1.327	1.360	3%	2.196	2.2	0%
Oilseeds and Products	0.508	0.425	–16%	5.285	4.864	–8%	7.371	6.8	–8%
Soybeans	0.302	0.249	–17%	3.472	3.129	–10%	4.606	4.1	–11%
Soybean Cakes & Meals	0.089	0.065	–27%	0.812	0.680	–16%	1.146	0.9	–21%
Soybean Oil	0.013	0.019	44%	0.208	0.247	19%	0.327	0.3	–8%
Other Vegetable Oils	0.041	0.038	–6%	0.303	0.336	11%	0.496	NA	NA
Livestock Products	0.476	0.526	11%	3.408	3.567	5%	5.886	6.1	4%
Red Meats	0.247	0.288	17%	1.703	1.792	5%	3.052	3.1	2%
Hides, Skins & Furs	0.106	0.118	11%	0.732	0.778	6%	1.271	1.3	2%
Poultry Products	0.093	0.145	55%	0.739	0.947	28%	1.315	1.6	22%
Poultry Meat	0.072	0.118	65%	0.550	0.757	37%	0.994	NA	NA
Dairy Products	0.071	0.056	–21%	0.526	0.533	1%	0.891	0.9	1%
Unmanufactured Tobacco	0.139	0.170	23%	0.961	0.841	–13%	1.443	1.2	–17%
Cotton and Linters	0.157	0.251	60%	1.027	1.221	19%	1.538	2.5	63%
Planting Seeds	0.058	0.041	–30%	0.506	0.464	–8%	0.664	0.6	–10%
Horticultural Products	0.621	0.653	5%	4.194	4.529	8%	7.299	7.9	8%
Sugar & Tropical Products	0.128	0.149	16%	1.013	1.150	13%	1.715	1.8	5%
Wood Products 4/	0.690	0.549	–20%	4.256	3.963	–7%	7.293	NA	NA
Fish and Seafood Products 4/	0.184	0.145	–21%	1.532	1.507	–2%	2.928	NA	NA
<b>Total Agriculture</b>	<b>3.619</b>	<b>3.448</b>	<b>–5%</b>	<b>26.762</b>	<b>26.409</b>	<b>–1%</b>	<b>42.454</b>	<b>42.5</b>	<b>0%</b>
<b>Total Agriculture, Fish &amp; Wood</b>	<b>4.493</b>	<b>4.142</b>	<b>–8%</b>	<b>32.550</b>	<b>31.879</b>	<b>–2%</b>	<b>52.675</b>	<b>NA</b>	<b>NA</b>

Export Volumes	– – MMT – – Change			– – MMT – – Change			– – MMT – – Change		
Grains and Feeds 1/	9.993	6.353	–36%	66.882	54.648	–18%	104.149	NA	NA
Wheat	3.452	1.944	–44%	22.496	19.050	–15%	36.081	31.0	–14%
Wheat Flour	0.148	0.083	–44%	0.698	0.604	–14%	1.067	1.0	–6%
Rice	0.248	0.210	–15%	1.490	1.535	3%	2.713	2.6	–4%
Coarse Grains 2/	4.919	2.942	–40%	33.695	24.986	–26%	50.100	37.1	–26%
Corn	3.880	2.192	–44%	27.493	20.857	–24%	41.766	31.0	–26%
Feeds & Fodders	1.048	0.982	–6%	7.142	7.158	0%	11.885	11.9	0%
Oilseeds and Products	2.011	1.425	–29%	21.838	17.119	–22%	29.408	23.5	–20%
Soybeans	1.326	0.946	–29%	15.733	12.166	–23%	20.400	16.1	–21%
Soybean Cakes & Meals	0.459	0.319	–31%	4.022	3.197	–20%	5.653	4.4	–22%
Soybean Oil	0.028	0.021	–25%	0.414	0.402	–3%	0.644	0.5	–22%
Other Vegetable Oils	0.072	0.047	–34%	0.514	0.481	–6%	0.824	NA	NA
Livestock Products 3/	0.238	0.248	4%	1.677	1.656	–1%	2.811	NA	NA
Red Meats	0.074	0.089	20%	0.508	0.570	12%	0.903	1.0	11%
Poultry Products 3/	0.077	0.127	65%	0.556	0.784	41%	1.012	NA	NA
Poultry Meat	0.074	0.124	66%	0.534	0.761	43%	0.974	1.2	23%
Dairy Products 3/	0.044	0.046	2%	0.399	0.467	17%	0.467	NA	NA
Unmanufactured Tobacco	0.022	0.022	4%	0.160	0.129	–20%	0.231	NA	NA
Cotton & Linters	0.120	0.175	46%	0.775	0.927	20%	1.163	1.6	38%
Planting Seeds	0.053	0.041	–22%	0.400	0.346	–13%	0.556	NA	NA
Horticultural Products 3/	0.441	0.465	5%	3.507	3.825	9%	6.090	6.8	12%
Sugar & Tropical Products 3/	0.107	0.094	–12%	1.102	0.910	–17%	0.910	NA	NA
<b>Total Agriculture 3/</b>	<b>13.11</b>	<b>8.99</b>	<b>–31%</b>	<b>97.30</b>	<b>80.81</b>	<b>–17%</b>	<b>146.80</b>	<b>123.9</b>	<b>–16%</b>

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum;

3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals.

FY 1994 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published May 27, 1994.

**U.S. Agricultural Export Value by Region**  
**Monthly and Annual Performance Indicators**

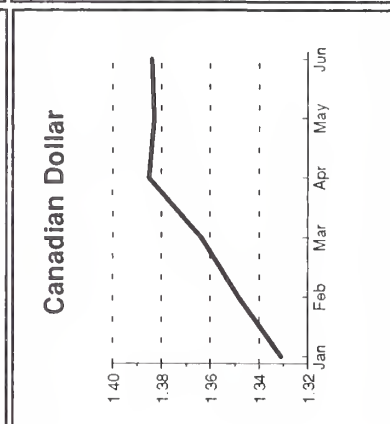
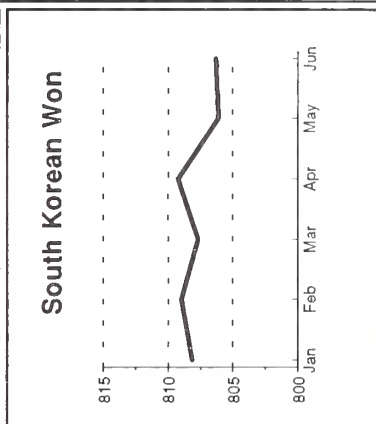
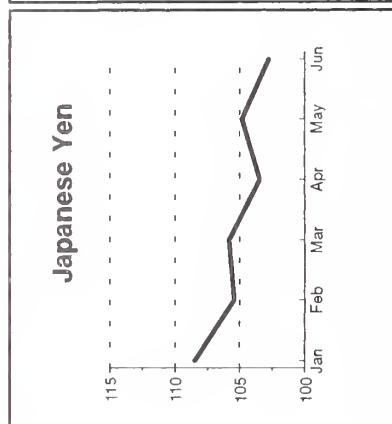
	April			October–April			Fiscal Year		
	1993	1994	Change	FY '93	FY '94	Change	1993	1994(f)	Change
	–\$Billion–			–\$Billion–			–\$Billion–		
<b>Western Europe</b>	0.474	0.488	3%	5.440	4.789	–12%	7.439	7.2	–3%
European Union 1/	0.433	0.446	3%	5.157	4.486	–13%	6.964	6.5	–7%
Other Western Europe	0.041	0.042	2%	0.282	0.303	7%	0.475	0.5	5%
<b>Eastern Europe</b>	0.049	0.029	–41%	0.326	0.211	–35%	0.465	0.4	–14%
<b>Former Soviet Union</b>	0.205	0.083	–59%	0.899	1.094	22%	1.435	1.5	5%
<b>Asia</b>	1.329	1.538	16%	9.636	10.444	8%	15.866	16.5	4%
Japan	0.764	0.860	13%	4.939	5.576	13%	8.430	9.2	9%
China	0.042	0.073	75%	0.214	0.281	31%	0.317	0.5	58%
Other East Asia	0.386	0.408	6%	3.003	3.154	5%	4.932	5.0	1%
Taiwan	0.176	0.137	–22%	1.230	1.349	10%	1.998	2.2	10%
South Korea	0.142	0.174	23%	1.240	1.208	–3%	2.041	1.9	–7%
Hong Kong	0.067	0.096	43%	0.522	0.596	14%	0.878	0.9	3%
Other Asia	0.137	0.196	43%	1.480	1.433	–3%	2.187	2.0	–9%
Pakistan	0.001	0.015	1146%	0.169	0.154	–9%	0.236	0.3	27%
Philippines	0.033	0.054	60%	0.345	0.326	–6%	0.511	0.5	–2%
<b>Middle East</b>	0.179	0.100	–44%	1.204	1.038	–14%	1.856	1.9	2%
Israel	0.048	0.028	–43%	0.232	0.219	–6%	0.363	0.4	10%
Saudi Arabia	0.034	0.032	–9%	0.292	0.295	1%	0.429	0.5	17%
<b>Africa</b>	0.238	0.146	–39%	1.743	1.354	–22%	2.593	2.3	–11%
North Africa	0.161	0.076	–53%	1.021	0.920	–10%	1.587	1.6	1%
Egypt	0.066	0.046	–30%	0.471	0.342	–27%	0.727	0.6	–17%
Algeria	0.041	0.022	–46%	0.269	0.416	54%	0.428	0.7	64%
Sub–Saharan Africa	0.077	0.070	–9%	0.722	0.434	–40%	1.006	0.8	–20%
<b>Latin America</b>	0.597	0.577	–3%	4.063	4.107	1%	6.813	7.0	3%
Mexico	0.341	0.337	–1%	2.141	2.228	4%	3.621	3.9	8%
Other Latin America	0.256	0.240	–6%	1.922	1.879	–2%	3.192	3.1	–3%
Brazil	0.011	0.014	29%	0.158	0.153	–3%	0.231	0.2	–13%
Venezuela	0.042	0.035	–16%	0.332	0.264	–20%	0.498	0.4	–20%
<b>Canada</b>	0.453	0.418	–8%	2.958	2.933	–1%	5.202	5.3	2%
<b>Oceania</b>	0.031	0.037	20%	0.250	0.291	16%	0.453	0.5	10%
<b>World Total</b>	3.619	3.448	–5%	26.763	26.410	–1%	42.454	42.5	0%

Notes: 1/ Formerly known as the European Community (EC–12).

FY 1994 forecasts are based on USDA's "Outlook for U.S. Agricultural Exports," published May 27, 1994.

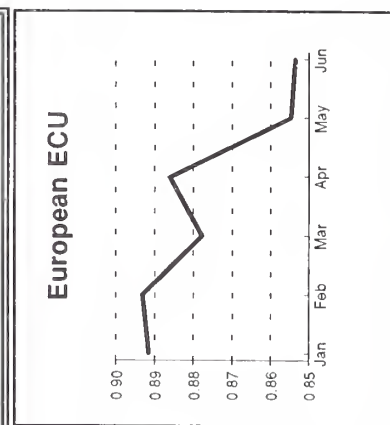
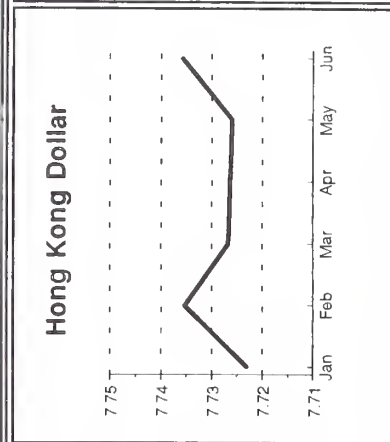
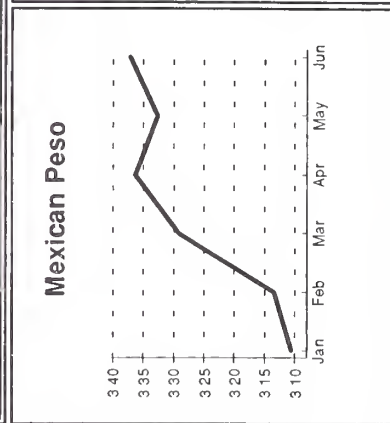


# Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages



Currencies	Current Rate 6/16/94	Month Ago 5/16/94	Year Ago 6/93	% Change Year Ago 6/93
Argentine Peso	.99	.99	.99	0.00
Australian Dollar	1.3689	1.3749	1.4799	-7.50
Brazilian Cruzeiro real	2276.01	1560.18	45991.01	-95.05
Canadian Dollar	1.3900	1.3750	1.2789	8.69
Hong Kong Dollar	7.7310	7.7273	7.7295	0.02
Japanese Yen	103.21	104.85	106.57	-3.15
Mexican Peso	3.3565	3.3170	3.1180	7.65
Taiwan Dollar	27.06	26.80	25.92	4.40
South Korean Won	806.30	806.30	802.00	0.54
European ECU	.86215	.86798	.85114	1.29
-British Pound	.6578	.6658	.6660	-1.23
-French Franc	5.5630	7.7365	5.5780	-0.27
-West German Mark	1.6310	1.6735	1.6590	-1.69

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, June 16, 1994.  
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.







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